

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

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FM AMEMBASSY BUENOS AIRES

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LIMITED OFFICIAL USE BUENOS AIRES 5219

E.O. 11652: N/A

TAGS: EFIN, EGEN, AR

SUBJECT: ECONOMIC ROUND-UP AUGUST 1

REF: BUENOS AIRES 4960

1. SINCE HIS APPOINTMENT JULY 22, ECONOMY MINISTER BONANNI HAS MADE NO MOVE TO OUTLINE A PROGRAM OR ANNOUNCE MAJOR ECONOMIC MEASURES. HE HAS APPOINTED A NEW SECRETARY OF FINANCE, ALFONSO FRANGIPANI, AN ECONOMIST AND ACCOUNTANT WHO HAS INDUSTRY, UNIVERSITY AND CIVIL SERVICE EXPERIENCE. MOST RECENTLY HE WAS A SENIOR OFFICIAL IN THE NATIONAL SAVINGS BANK (CAJA NACIONAL DE AHORRO).

2. DR. BONANNI'S MAJOR STATEMENT SO FAR, CARRIED ON RADIO AND TV JULY 31, WAS RECEIVED WITH DISAPPOINTMENT. HE BRIEFLY REVIEWED THE ECONOMIC PROBLEMS FACED BY ARGENTINA-- NOW ONLY TOO WELL KNOWN--AND OFFERED NOTHING MORE POSITIVE THAN PLANS FOR A CONVOCATION OF REPRESENTATIVES OF GOVERNMENT, MANAGEMENT, LABOR AND THE ARMED FORCES TO DEVELOP AN EMERGENCY PLAN. BOTH PRESS AND PUBLIC REACTION WERE LUKE WARM AND REFLECTED DISAPPOINTMENT AT THE LACK OF A MORE POSITIVE ANNOUNCEMENT. IT APPEARS THAT BONNANNI MOVING CAUTIOUSLY, WISHES TO AVOID THE MISTAKES OF FORMER ECONOMICS MINISTER RODRIGO AND ASSURE HIMSELF OF POLITICAL SUPPORT BEFORE ADOPTING NEW POLICIES.

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3. IN FURTHER DEVELOPMENTS DURING THE LAST FEW DAYS, THE

CENTRAL BANK HAS ESTABLISHED REDISCOUNT CREDITS TOTALING
5 BILLION PESOS TO ASSIST PRIVATE FIRMS IN MEETING INCREASED
WAGE AND SALARY PAYMENTS. THE ECONOMY MINISTRY HAS AUTHORIZED
SUBSTANTIAL INCREASES IN PRICES FOR CHEMICAL PRODUCTS.
A FINAL DECISION HAS NOT BEEN MADE BY THE GOA ON WAGE INCREASES
FOR GOVERNMENT EMPLOYEES ALTHOUGH A FIGURE WELL IN EXCESS
OF 100 PERCENT IS NOW BEING MENTIONED IN THE PRESS. DURING
THE WEEK OF AUGUST 4 NEW REGULATIONS FOR IMPORTS AND EXPORTS
ARE EXPECTED.

4. COMMENT: GOA ECONOMIC POLICIES MAY WELL DRIFT FOR PRESENT
UNTIL POLITICAL SITUATION MMORE DEFINED.

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Message Attributes

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